

MO 70088
Task ID #
1705

Please file

cc: Paul
Beth
Doug



LISBON VALLEY MINING CO

February 12, 2007

Ms. Susan White
Minerals Regulatory Program
Utah Division of Oil, Gas, and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Re: **Revision #3.** Application for Mine Plan Amendment and Bond Adjustment. Lisbon Valley Mining Co LLC, 920 South County Road 313, San Juan County, Utah. File Number E/037/088

Dear Susan:

The Lisbon Valley Mining Co LLC (LVMC) respectfully submits the attached bond adjustment for your review. As discussed with Doug Jensen, LVMC included unit costs for all three heap leach lifts in our previous spreadsheet.¹ This is an oversight since only a single lift will be stacked in 2007. The costs to rinse the heap (lime, labor, power, & pump), along with clay, crushed rock, and soil on slopes were divided by three to reflect the single lift.

The adjustment is significant, and reduces the bond by approximately \$800,000. A revised bond spreadsheet is attached. Changes are hi-lited in green.

We apologize that the adjustment was identified so late in the bond adjustment process, and we appreciate the Divisions timely response to the previous submittal.² We have expressed the same apology to our insurance carrier (AIG), and have asked them to review this adjustment on a parallel track.

We ask the Division to review our adjustment at its earliest convenience and call us. Once approved, we will notify AIG and restart the bonding process.

¹ LVMC 2006. **Revision #2.** Application for Mine Plan Amendment and Bond Adjustment. Lisbon Valley Mining Co LLC, 920 South County Road 313, San Juan County, Utah. File Number E/037/088. 12 October, 2006.

² Division of Oil, Gas & Mining 2006. Approval of Application for Mine Plan n Amendment & Bond Adjustment, Lisbon Valley Mining Company, LLC, Lisbon Valley Copper Mine M/037/088, Task ID# 1449 & 1539, San Juan County, Utah. 30 October, 2006

Cc Frank Bain, BLM, Pat Gochnour, Gochnour & Associates, file

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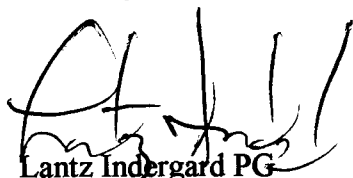
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DIV. OF OIL, GAS & MINING

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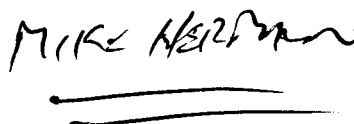
It is our understanding that the Division will replace the worksheet (pending approval) as an appendix to the original (August 9) submittal. We appreciate the Division's continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Lantz Indergard PG". The signature is stylized with a large initial "L" and "I".

Lantz Indergard PG
Environmental Manager
Lisbon Valley Mining Co LLC

Cc Frank Bain, BLM, Pat Gochnour, Gochnour & Associates, file

A handwritten signature in black ink, appearing to read "Mike Heitzman". The signature is written in a cursive style. Below the signature are two horizontal lines.

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Bond Worksheet
Lisbon Valley Mining Co
La Sal, Utah

Summo USA Corporation- Lisbon Valley Copper Project. Updated to reflect anticipated 06 and 07 disturbance.
Based on Details of Final Reclamation - original estimate prepared by The Winters Group 1997

Anticipated % Complete in 07 07 Bond Requirement

ACTIVITY	AREA	QUANTITY	UNITS	\$/Unit	1997 \$ Cost	2007 \$ Cost		
Waste Dump A- 190 acres								
area of top	456,444		SY					
area of slope	462,680		SY					
scarify top (flat) area		456,444	SY	0.20	\$ 91,289	\$ 114,309		
12 inches soil on top of dump		152,148	CY	1.25	\$ 190,185	\$ 238,142		
12 inches soil on slope		154,227	CY	1.25	\$ 192,784	\$ 241,397		
seed entire surface		190	acre	174	\$ 33,060	\$ 41,396		
Total-waste dump "A" reclamation					\$ 507,318	\$ 635,244	0%	0
Waste Dump B- 94 acres								
area of the top	197,222		SY					
area of the slope	258,240		SY					
scarify top (flat) area		197,222	SY	0.20	\$ 39,444	\$ 49,390		
12 inches soil on top of dump		65,741	CY	1.25	\$ 82,176	\$ 102,898		
12 inches soil on slope		86,080	CY	1.25	\$ 107,600	\$ 134,733		
seed entire surface		94	acre	174	\$ 16,356	\$ 20,480		
Total-waste dump "B" reclamation					\$ 245,576	\$ 307,501	100%	307,501
Waste Dump C- 120 acres								
area of the top	344,222		SY					
area of the slope	238,633		SY					
scarify top (flat) area		344,222	SY	0.20	\$ 68,844	\$ 86,204		
12 inches soil on top of dump		114,741	CY	1.25	\$ 143,426	\$ 179,592		
12 inches soil on slope		79,544	CY	1.25	\$ 99,430	\$ 124,502		
seed entire surface		120	acre	174	\$ 20,880	\$ 26,145		
Total-waste dump "C" reclamation					\$ 332,580	\$ 416,444	100%	416,444
Leach Pad- 254 Acres								
Rinse Heap- 12% of total ore neutralized; rinsing & evaporation for 18 months								
lime (2.5 lbs/ton)x(\$0.025/lb)x(5.9M ton)		5,900,000	ton	0.063	\$ 122,916	\$ 153,911		
labor, power & pump for draindown & evaporation for 18 months		1	lot	446,640	\$ 148,830	\$ 185,416		
Subtotal for heap rinse & evaporation					\$ 271,796	\$ 339,327	70%	238,233
area of the top	788,556		SY					
area of the slope	441,853		SY					
12 inches clay cap on top		12	262,852	CY	2.50	\$ 657,130	\$ 822,833	
12 inches clay cap on slope		12	147,218	CY	2.50	\$ 122,681	\$ 153,616	
24 inch crushed rock on top		24	525,704	CY	2.50	\$ 1,314,260	\$ 1,645,665	
24 inch crushed rock on slope		24	294,435	CY	2.50	\$ 245,362	\$ 307,233	
12 inches soil on top		12	262,852	CY	1.25	\$ 328,565	\$ 411,416	
12 inches soil on slope		12	147,218	CY	1.25	\$ 61,340	\$ 76,808	
seed entire surface		254	acre	174	\$ 44,196	\$ 55,341		
Subtotal- clay, crushed rock, soil & seeding for leach pad					\$ 2,773,534	\$ 3,472,911	70%	2,431,038
Reclamation of Miscellaneous Areas								
Pond Area- 11 Acres								
raffinate pond- 12 inches soil		4,853	CY	1.25	\$ 6,065	\$ 7,594		
PLS pond- 12 inches soil		4,852	CY	1.25	\$ 6,065	\$ 7,594		
ILS pond- 12 inches soil		4,852	CY	1.25	\$ 6,065	\$ 7,790		
water runoff pond- 12 inches soil		8,229	CY	1.25	\$ 10,286	\$ 12,880		
seed 4 pond areas		14	acre	174	\$ 2,436	\$ 3,050		
Total-Pond Area reclamation					\$ 30,917	\$ 38,909	100%	38,909
Plant & Crusher Area- 25.5 Acres								
apply 12 inches soil		41,080	CY	1.25	\$ 51,350	\$ 64,298		
seed entire plant area		26	acre	174	\$ 4,437	\$ 5,556		
Total- Plant Area Reclamation					\$ 55,787	\$ 69,854	100%	69,854
Haul Roads- 40 Acres								
scarify		192,889	SY	0.20	\$ 38,578	\$ 48,306		
contour		64,296	CY	1.25	\$ 80,370	\$ 100,636		
apply 12 inches soil		67,511	CY	1.25	\$ 84,389	\$ 105,669		
seed entire area		40	acre	174	\$ 6,960	\$ 8,715		
Total- Plant Reclamation Area					\$ 210,297	\$ 263,326	68%	179,061
Power Line Corridor- 64 Acres								
*note the power company has requested the line remain open		64	acre	n/c	\$ -	\$ -		
Reseed Soil Stockpile Areas- 40 Acres								
reseed 40 acres		40	acre	174	\$ 6,960	\$ 8,715		
Total- Reseed Soil Stock Pile Areas					\$ 6,960	\$ 8,715	33%	2,876
Fences & Berms Around Open Pits								
fence around Sentinel Pit 1		5,620	LF	3.02	\$ 16,972	\$ 21,252		
fence around Sentinel Pit 2		2,140	LF	3.02	\$ 6,463	\$ 8,093		
fence around Centennial Pit		8,980	LF	3.02	\$ 27,120	\$ 33,959		
fence around GTO Pit		7,410	LF	3.02	\$ 22,378	\$ 28,021		
Total - Pit Fences					\$ 72,933	\$ 91,324	100%	91,324
Surface Drainage Diversion Ditches								
leach pad area		7,473	CY	1.25	\$ 9,341	\$ 11,696		
plant area		1,595	CY	1.25	\$ 1,994	\$ 2,497		
crusher area		1,810	CY	1.25	\$ 2,263	\$ 2,834		
dump areas		13,668	CY	1.25	\$ 17,085	\$ 21,393		
Total-Drainage Diversion Ditches					\$ 30,683	\$ 38,420	75%	28,815
Water Line								
12 inches soil on top		7,582	CY	1.25	\$ 9,478	\$ 11,868		
seed entire surface		4.7	acre	174	\$ 818	\$ 1,024		
Total-Drainage Diversion Ditches					\$ 10,296	\$ 12,892	100%	12,892
Drill Pads and Boreholes								
Centennial Recess Drilling		23	pads	350		8,050	100%	8,050
Other Miscellaneous Areas								
								50,000
Direct Costs								
Mobilization and Demobilization		1	lot	35,000	\$ 35,000	\$ 43,826		43,826
Leach Pad & Waste Dumps		combined total of previous items			\$ 5,533,170	\$ 6,928,419		3,393,215
Misc. Surface Areas		combined total of previous items			\$ 400,990	\$ 502,104		481,782
Total Direct Costs					\$ 5,969,160	\$ 7,474,349		3,918,822
Indirect Costs								
Plant Dismantling		1	lot	450,000	\$ 450,000	\$ 563,472		
assumes no salvage value								
Plugging monitoring wells								
5-wells, 500ft		2,500	lf	2.20	\$ 5,500	\$ 6,887		
6-wells 1,200ft		7,200	lf	3.30	\$ 23,760	\$ 29,751		
Engineering- 5% of total direct costs		1	lot	298,458	\$ 298,458	\$ 373,717		
Owners Cost- OMITTED								
Water Quality Monitoring for 11 wells		110	sample	500	\$ 55,000	\$ 68,869		
Revegetation monitoring for 5 years		5	year	5,000	\$ 25,000	\$ 31,304		
Construction management		1	lot	180,199	\$ 180,199	\$ 225,638		
Contingency (10% of Total Direct Costs)		1	lot	596,916	\$ 596,916	\$ 747,435		
Total Indirect Costs					\$ 1,634,833	\$ 2,047,074		1,073,287
Adjusted Total Costs 2.58%/yr					\$ 7,603,993	\$ 9,521,423		4,992,109

Existing Bond	3,437,200
07 Bond Requirement	1,554,909
" escalated to 08\$	1,595,025
" escalated to 09\$	1,636,176
" escalated to 10\$	1,678,384

Amortization Schedule (2.58%)
0 \$1,0000
1998 \$1,02580
1999 \$1,05227
2000 \$1,07941
2001 \$1,10726
2002 \$1,13583
2003 \$1,16513
2004 \$1,19520
2005 \$1,22603
2006 \$1,23903
2007 \$1,25216
2008 \$1,28447
2009 \$1,31761
2010 \$1,35160
2011 \$1,38647